U.B.C. Planning Papers

School of Community and Regional Planning

University of British Columbia
Vancouver, British Columbia

ISSN: 0828-2404

Vancouver as an Emerging Centre of the Pacific Rim Urban System

Thomas A. Hutton
H. Craig Davis

CS #19
August 1989

U.B.C. PLANNING PAPERS
Comparative Urban and Regional Studies #19

School of Community and Regional Planning
University of British Columbia
6333 Memorial Road
Vancouver, B.C. V6T 1W5
Canada

Thomas A. Hutton
Assistant Manager
Policy Economic
Development Office
City of Vancouver, B.C.

H. Craig Davis
Professor
School of Community & Regional Planning
University of British Columbia
Vancouver, B.C.

1. INTRODUCTION

Coincident with the general growth of Pacific Rim societies and economies has been the development of urban areas situated within this broadly-defined zone of expansion. These cities collectively exhibit the full diversity of late twentieth century urban experience, ranging from "world cities" such as Tokyo and Los Angeles, to the myriad settlements of the developing nations, characterised in many cases by informal economic structures. This variegation notwithstanding, cities have developed not merely as ancillary and discrete aspects of Pacific Rim economic growth, but have instead functioned "... as key points in a rapidly integrating network of trade, communications, finance and corporate decision making that serve to link the economies of this region to each other and with the rest of the world" (Douglass, 1987:3).

To some extent, urban development within the Pacific Basin is of course an integral component of national economic growth. Notions of regional markets and national hierarchy are still important. At a much broader spatial scale, however, it is apparent that a highly interactive network of trade-oriented cities is emerging that represents at least an incipient Pacific Basin urban system, whose functions manifestly transcend purely regional or even national roles.

Underlying the development of this putative Pacific Basin urban system is a complex range of dynamics and influences, including the following:

- high growth in forms of production (e.g. both labour-intensive and technology intensive manufacturing, as well as services industries of all kinds) which tend to be concentrated within urban areas

- the burgeoning of international trade within the Pacific Rim, involving cities as control points, as loci of production for tradeable commodities (services as well as goods), as entrepots and distribution centres, and as centres of trade mediation

- the growth of multinational enterprises (MNEs) and the ongoing international division of labour, which have inter alia promoted the dispersion of production activity more broadly throughout the urban system of the Pacific Rim

- rapid growth in volumes of trans-Pacific capital flows, reflecting liberalized financial markets, the maturation of capital markets located within Pacific Rim business centres, the huge, trade-derived capital accumulations evident within certain Pacific Rim jurisdictions, and capital "migration" to areas of opportunity

- the concentration of political institutions within certain cities of the Pacific Basin devoted to trans-Pacific trade, as well as a host of quasi- and non-governmental organizations involved wholly or in part in trans-Pacific trade, investment, cultural and educational affairs

- the development of Pacific Rim cities as centres of innovation, applied design, and technology.

It seems clear then, that the growth of cities within the Pacific Basin's urban system is impelled not only by localised or domestic factors, but, increasingly, by exogenous impulses associated with the expansion of the Pacific Rim economy and trading network. While concepts of hierarchy and competition are of course relevant, it is also apparent that to a considerable degree member cities of the Pacific Basin's urban system are distinguished by complementarity, derived from specialised locational and/or functional attributes.

It must be acknowledged that the network of cities constituting the emerging Pacific Basin urban system are by no means homogeneous, in terms of scale, urban and industrial structure, political and administrative organisation, social structure, or built form. At a more basic level, however, some fundamental elements of commonality

among many of the cities within the Pacific Basin's urban system can be identified, including the following attributes:

a) relatively high growth rates (as defined by population, economic development, and physical expansion)

b) a general shift to more advanced forms of economic production, and a broadly-experienced upgrading of "human capital"

c) high export/trade orientation (and at the "margin of change" increase in importance of export markets, in absolute terms, and also relative to local/regional markets)

d) major "gateway" roles within their respective regional hinterlands

e) substantial trading infrastructures (ports, airports, and the like)

f) significant roles as both destinations and intermediary centres for investment capital

g) major concentrations of foreign business activity

h) rapidly-expanding linkages (economic, socio-cultural, educational, etc.) with other urban centres of the Pacific Rim

i) increasingly pluralistic social composition, notably in terms of ethnicity

j) urban/regional structure characterised both by high-growth CBDs, and (at least) incipient processes of dispersion and multinucleation.

While the above characteristics are rudimentary, they may in the aggregate serve both to distinguish cities of the Pacific Basin from those of other regional/continental groupings, and also to assist in a preliminary definition of member cities within this emerging Pacific urban network.

Given the increasingly critical roles of cities in the growth, development and integration of Pacific Rim economies and societies, it is clear that more attention must now be paid to the emergence of the Basin's urban system. As Douglass observes,

> ... if ... (Pacific Rim) ... cities are going to be able to provide the type of habitat that will be conducive to meeting the basic requirements of living and working into the twenty-first century, efforts to gain a shared, longer-term perspective on the future of cities is required. This requirement reflects, in part, the increasing interdependencies between cities at an international level, which point to the need for longer lead times for resolving issues of concern that transcend national boundaries. (Douglass, op. cit.: 3)

In the broadest terms, this endeavour should include "macro-level" studies of the Pacific Basin's urban system, including empirical studies and the development of dynamic models and theory; comparative studies of two or more member cities of this incipient network; and case studies of specific cities, to examine in more detail the specialised roles these cities play within the urban network.

The purpose of this paper is to present an examination of Vancouver as a centre within the emerging Pacific Basin urban system, with special emphasis on the configuration of economic restructuring, and on relationships with other Pacific Rim markets, societies and cities. Vancouver in several ways represents an appropriate and instructive case study: while the City has exhibited attributes of a Pacific-oriented centre almost since its inception, recent developments have served to dramatically accelerate its integration into the economic network and urban system of the Pacific Basin. In many respects, the Vancouver experience can be seen as broadly representative of other medium-size metropolitan centres within the Pacific Basin, while in other areas exhibiting distinctive and even unique features derived from the city's specific location, history, and position within the Canadian federation and society.

In terms of organisation, this paper will consist of several elements, addressing distinct but inter-related dimensions of Vancouver's development as a Pacific Rim City. First, the basic lineaments of restructuring will be outlined, introducing the notion of market reorientation fundamental to an understanding of Vancouver's recent evolution. Secondly, several aspects of Vancouver's position and role as a centre within the incipient urban network will be addressed, including both *in situ* characteristics as well as the range of dynamic trans-Pacific relations and linkages. Finally, some comments on future prospects are offered in the conclusion.

2. IMPLICATIONS OF RESTRUCTURING: FROM REGIONAL SERVICE CENTRE TO PACIFIC RIM GATEWAY

In common with other advanced urban centres, Vancouver continues to experience fundamental change or "restructuring" in terms of its economic base, occupational mix, social composition, and regional patterns of development. Underlying this multi-faceted restructuring is a well-established shift to service-type industries and employment, especially in the area of intermediate or producer services (Tables 1 and 2). Indeed, this process has been in some ways more pronounced in Vancouver than in many other medium-size metropolitan cities within the OECD, in light of the City's relatively underdeveloped manufacturing sector (notwithstanding recent growth in Vancouver's small but significant advanced-technology production base), the importance of its strategic trading role and export-oriented services, and its primacy within a spatially-extensive hinterland.

Historically, Vancouver developed as the Western terminus for the national rail system and Canada's principal Pacific seaport, as a

Table 1

Labour Force Growth in Vancouver CMA, by Industry: 1961-1981, 1986

Industrial Group	1961	1971	1981	1986	1981-1986 % change
Agriculture	3,806	5,430	7,735	10,220	32.1
Forestry	2,518	3,355	4,175	3,890	- 6.8
Fishing & Trapping	1,836	1,575	2,305	2,725	18.2
Mining	1,581	3,370	3,325	2,920	-12.2
Manufacturing	57,485	78,770	96,315	91,065	- 5.5
Construction	19,897	32,034	44,575	46,155	3.5
Transportation & Communications	34,934	49,980	69,625	73,005	4.9
Trade	59,899	85,700	126,485	136,815	8.2
Finance, Ins., Real Estate	15,918	28,180	47,345	53,560	13.1
Community, Business &					
Personal Services	70,380	127,775	216,715	n/a	n/a
Services to Business	7,898	18,180	n/a	49,885	n/a
Education & Related Services	12,113	27,530	41,015	41,940	2.3
Health & Welfare Services	18,828	30,280	52,625	60,925	15.8
Accommodation & Food Services	12,905	22,336	42,630	58,725	37.8
Public Administration & Defense	18,003	22,330	37,885	39,350	3.9
TOTAL: All Industries	294,759	474,560	690,955	757,520	9.6%

Source: Census of Canada: 1961, 1971, 1981, 1986

Table 2

Employment Change in Vancouver CMA by Occupation: 1971, 1981, 1986

Occupational Category	Employment			% Change	
	1971	1981	1986	1971-81	1981-86
Managerial, administrative & related	21,030	52,805	85,020	151.1	61.0
Natural sciences, engineering, math.	14,215	25,190	26,220	77.2	4.0
Social sciences & related fields	5,440	12,720	17,530	133.8	37.8
Occupations in religion	795	1,040	1,455	30.8	39.9
Teaching & related occupations	16,135	25,260	25,915	56.6	2.6
Medical & health	19,495	32,920	37,960	68.9	15.3
Artistic, literary, recreational	5,315	10,370	14,770	95.1	42.4
Clerical & related occupations	88,700	143,290	146,780	61.5	2.4
Sales occupations	55,855	75,330	81,390	34.9	8.0
Service occupations	58,715	85,355	108,120	45.4	27.1
Farming, horticultural	7,760	9,600	12,295	23.7	28.1
Fishing, hunting, trapping	1,795	1,295	2,155	-27.9	66.4
Forestry & logging occupations	2,390	2,270	2,320	- 5.0	2.2
Mining & quarry (incl. oil & gas)	1,130	935	790	-17.3	-16.5
Processing occupations	18,365	21,410	19,650	16.5	-16.6
Machining & related occupations	11,794	14,090	11,640	19.5	-17.4
Product fabricating, assembling	28,935	40,785	40,690	41.0	- 0.3
Construction trades	32,140	41,705	40,980	30.0	- 1.7
Transport equipment operating	19,170	25,285	27,510	31.9	8.8
Material handling & related, n.e.c.	15,865	17,340	15,410	9.3	-11.5
Other crafts & equipment operating	5,730	7,730	5,925	28.0	-19.2
	430,700	646,725	724,525	50.1	12.0

Source: Census of Canada, 1971, 1981, 1986

processing centre for British Columbia's staple commodities, and as control centre for the province's resource economy. These roles will continue to be important, but are likely to decline in relative significance, and/or undergo substantial change, for a variety of reasons. First, processes of corporate concentration within Canada favouring Toronto, increasingly the dominant national business and financial centre, have to some extent vitiated Vancouver's role as head office centre for British Columbia's resource sector.

Secondly, and consistent with widely-experienced processes of industrial decentralisation and dispersion (Scott, 1982) many of the resource processing functions formerly carried out in metropolitan Vancouver have now migrated to exurban and hinterland sites.

Thirdly, while service linkages (notably head office, producer and financial services) bind Vancouver to its hinterland, some measure of core-periphery divergence can be discerned (Ley and Hutton, 1987), characterised by increasingly different industrial structures and market orientation (Davis and Hutton, 1989), and a general, multi-faceted "restructuring" of Vancouver's economy favouring service industries and occupations (Hutton, 1985; 1989).

To a large degree, Vancouver's evolution as a service economy and society parallels that of other Canadian cities in which service jobs comprise typically 70-80 per cent. of metropolitan employment (Table 3). What distinguishes Vancouver from other centres within the Canadian urban system, however, is not only its relative isolation from the mainstream business environment concentrated within central Canada, but also the major role and impacts Pacific Basin trade, investment, immigration and institutions play in its contemporary

Table 3

Percentage of Labour Force Employed in Service Occupations for Selected Canadian Census Metropolitan Areas: 1986

Census Metropolitan Area	Total Employment (000s)	Service Employment (000s)	% Employed[1] in Services
Toronto	1,960.2	1,419.0	72.4
Montreal	1,467.3	1,073.9	73.3
Vancouver	724.5	544.6	75.2
Ottawa/Hull	454.2	372.0	81.9
Edmonton	432.1	314.2	72.7
Calgary	385.7	299.6	77.7
Winnipeg	331.5	240.0	72.4
Quebec	295.2	237.9	80.6
Hamilton	290.8	190.2	65.4
London	185.7	129.8	69.9

Source: Census of Canada (1986)

1 Service employment includes the following occupations: managerial, administrative and related, natural sciences, engineering and mathematics, social sciences and related fields, occupations in religion, teaching and related occupations, medical and health occupations, artistic, literary, recreational and related occupations, clerical and related occupations, sales occupations, service occupations.

development. Increasingly, Vancouver is becoming integrated within the network of Pacific Basin trading, commercial and financial centres.

3. ECONOMIC BASE, INDUSTRIAL STRUCTURE, AND MARKET ORIENTATION

A huge and rich endowment of natural resources (notably softwood forests and minerals) has largely determined both British Columbia's industrial structure and economic base over the first hundred years of its existence. While this critical relationship is most clearly evident in the staple-dominated hinterland regions of the province, the resource sector has also exerted powerful influences on Vancouver's economy and market orientation, with respect to resource processing, head office and producer services associated with the resource sector, and international trade functions. The U.S. and Western Europe were until comparatively recently the largest markets for British Columbia's resource commodities, although it should be acknowledged that trans-Pacific trade has been significant for some time, especially with respect to mineral exports to Japan, and grain shipments to China and the U.S.S.R.

Resource exports will continue to be of great importance to Vancouver and British Columbia as a whole, but potentially fundamental shifts in industrial structure and market orientation are becoming apparent, and here Vancouver's positioning within the Pacific Rim is of decisive significance. The restructuring of Vancouver's economic base involves of course a complex set of factors and processes, but the city's relationships with the markets, societies and urban network

of the Pacific Basin are seen as central influences, as the following discussion will demonstrate.

Structural Change in International Trade Patterns

The broad outline of shifts in British Columbia's international trading relationships is depicted in Table 4, which shows the estimated value of B.C. origin exports oy designated international groupings, from 1980 to 1987. The data reveal that over this present decade, exports to the European Economic Community, traditionally a major market for British Columbia, have been at best flat. At the same time, the province's exports to the Pacific Rim have experienced very high relative and absolute growth rates, both in terms of British Columbia's "major Pacific Rim partners" (including Hong Kong, Singapore, Japan, the P.R.C., South Korea, and Taiwan), as well as a more broadly-defined grouping of markets which also include the Pacific nations of South and Central America and Oceania.

This macro-level trend is placed within a sharper focus in light of more recent trade statistics, which underline the growing importance of Asian Pacific markets to Vancouver and British Columbia as a whole, both in absolute terms, and also relative to the American market. The United Sates has long been Canada's biggest market, accounting for about three quarters of export sales, and has also been the most important single export market for B.C. In 1988, for example, 43 per cent. of the province's export trade was associated with the U.S. market, compared to 38 per cent. with the Asian market. Trade figures for the first quarter of 1989, however, reveal for the first time a slightly larger share of British Columbia exports destined for Asian markets (41 per cent.), than for the American

Table 4

Estimated Value of B.C. Origin Exports Special International Groupings: 1980 to 1987 ($000s)

Selected International Groups								
(1) European Economic Community Member Countries As At 1985	2,024,011	1,708,408	1,422,020	1,321,878	1,440,015	1,272,526	1,542,718	2,106,153
(2) European Economic Community Member Countries As At 1988	2,072,675	1,748,937	1,456,226	1,336,871	1,468,997	1,292,119	1,585,164	2,180,466
(3) Less Developed Countries (L.D.C.'s)	697,371	698,985	795,520	929,379	1,183,936	1,266,882	1,225,023	1,497,180
(4) O.E.C.D. Membership (1986)	8,680,810	8,196,145	7,816,860	8,724,904	10,197,323	10,816,302	11,271,460	13,882,453
(5) A.S.E.A.N. Countries (1988)	182,371	165,199	139,824	155,568	163,141	172,789	149,616	239,791
(6) Major Pacific Rim Partners	2,604,243	2,543,133	2,686,023	2,905,918	3,748,864	3,864,618	4,174,258	5,122,941
(7) Pacific Rim (broad definition)	3,074,398	3,035,613	3,097,840	3,282,614	4,261,935	4,358,553	4,674,632	5,772,340

(1) European Economic community As At 1985 -- France, West Germany, Belgium-Luxembourg, United Kingdom, Ireland, Denmark, Greece, Italy and Netherlands

(2) European Economic Community As At 1986 -- As above plus Spain and Portugal

(3) Selection listed in OECD Observer, March '86 (#139): Taiwan, South Korea, Hong Kong, Mexico, Brazil, Singapore, China, Malaysia, Yugoslavia, Philippines, India, Israel, Thailand, Indonesia, Pakistan, Portuguese Asia, Argentina, Morocco, Dominican Republic, Bangladesh, Haiti, Sri Lanka

(4) Australia, Austria, Belgium, Canada, Denmark, Finland, France, West Germany, Greece. Iceland, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States

(5) Philippines, Malaysia & Brunei, Singapore, Indonesia and Thailand

(6) Hong Kong, Singapore, Japan, Peoples Republic of China, South Korea and Taiwan

(7) Pacific countries of Asia, South America and Central America plus Oceania

NOTE: Totals subject to minor rounding error
Produced by: Central Statistic Bureau -- July 1988
Source: Ministry of Industry and Small Business Development Estimates

market (40 per cent.) (Ford, 1989). This may or may not represent (in the words of British Columbia's Minister of International Trade) "a historical crossroad in the diversification of B.C. export markets" (ibid.); the figures are for one quarter only, and the Canada-U.S. Free Trade Agreement may in the long-run reinforce the historical north-south gravity of trade flows. When viewed in the context of export trade data for the 1980s as a whole, however, continued expansion of B.C.-Asian Pacific trade appears to be a likely scenario. Within the Asian market, Japan is by some considerable measure the most important destination for British Columbia's exports, although export trade with the "little dragons" (Taiwan, Hong Kong, Singapore and South Korea) is growing rapidly as well.

Vancouver's Asia-Pacific "Gateway Role"

The trends in international trading patterns described above relate of course to British Columbia as a whole, including the Vancouver metropolitan region. Part of this export trade is comprised of commodities produced within the Greater Vancouver-Lower Mainland region, while a much larger volume is produced elsewhere and exported through Vancouver via the Port or Vancouver International Airport, reflecting the City's role as British Columbia's "gateway" for the Asian Pacific.

The Port of Vancouver is Canada's most important port, ranks with Los Angeles-Long Beach as the largest (by tonnage throughput) on the North American Pacific Rim, and ranks with such major Asian ports as Hong Kong and Kaohsiung in terms of cargo tonnage handled (Table 5). The Port of Vancouver has experienced very steady growth in throughput, achieving new record levels of tonnage handled in each of

Table 5

PORT OF VANCOUVER IN RELATION TO ASIAN PACIFIC RIM PORTS BASED ON TOTAL TONNAGE (1986 FIGURES)

RANKING	PORT	COUNTRY	TOTAL TONNAGE
1	Kobe	Japan	160,458,000 *
2	Shanghai	China	133,000,000
3	Singapore	Singapore	120,716,000
4	Yokohama	Japan	110,296,000
5	Nagoya	Japan	107,743,000
6	Kitakyushu	Japan	90,075,000
7	Osaka	Japan	81,764,000
8	Keelung	Taiwan	66,200,000
9	Hong Kong	Hong Kong	62,479,000
10	Tokyo	Japan	59,546,000 *
11	Vancouver	Canada	57,593,000
12	Kaohsiung	Taiwan	55,240,000
13	Pusan	South Korea	45,158,000
14	Inchon	South Korea	36,938,000
15	Newcastle	Australia	36,160,000
16	Sydney	Australia	35,875,000
17	Hedland	Australia	35,618,000
18	Port Kelang	Malaya	12,302,768
19	Tomakomai	Japan	10,179,246
20	Tanjung Priork	Java	9,709,446 *

* 1985 figures

the past several years, culminating in a new historical high of 71 million tons in 1988 (Port of Vancouver, 1989). This high volume of trade has a distinctly Pacific Rim character.

Tables 6 and 7 show the top ten destinations of exports and national origins of imports respectively for cargo handled by the Port of Vancouver for 1988, in terms both of tonnage handled and also container tonnage. The tables reveal the very high volumes of export trade especially, export tonnage typically exceeding imports by a ratio of 4:1 or 5:1. Evident too is the great importance of the Pacific Rim in the Port of Vancouver's international trade, with Japan (accounting for about one-half the total volume), China, and South Korea solidly established as the top three export destinations by tonnage, and with seven of the top ten classifiable as Pacific Rim markets. With respect to container tonnage, the five largest export markets are situated within the Asian Pacific, and with Japan again dominant in the first position.

The list of nations with the largest volume of imports entering Canada through the Port of Vancouver is somewhat more geographically diversified than the top ten export destinations, with European and African countries figuring more prominently, but with Pacific Rim nations well represented with respect both to overall tonnage, and, more especially, in the area of container traffic. The top six countries of origin in the latter category for 1988 were all situated within the Asian Pacific Region (Table 7).

Export trade through the Port of Vancouver, while including a significant and growing volume of container trade, is largely dominated by bulk cargoes, especially resource commodities (Table 8).

Table 6

PORT OF VANCOUVER
TOP TEN DESTINATIONS OF EXPORTS: 1988

Rank	Country	Metric Tonnes	Rank	Country*	Container Tonnage
1	Japan (1)	25,280,508	1	Japan (1)	829,180
2	China (3)	6,205,430	2	Taiwan (2)	186,853
3	S. Korea (2)	6,129,131	3	China (5)	117,064
4	Brazil (5)	2,195,705	4	S. Korea (6)	96,059
5	U.S.A. (4)	2,154,347	5	Hong Kong (3)	90,927
6	Taiwan (6)	2,114,422	6	U. K. (4)	61,495
7	Morocco (8)	2,071,889	7	Colombia (8)	44,158
8	Australia (9)	1,524,127	8	Netherlands (9)	31,265
9	U.K. (10)	1,335,201	9	W. Germany (-)	18,856
10	U.S.S.R. (7)	1,106,073	10	Malaysia (-)	18,404

Table 7

PORT OF VANCOUVER
TOP TEN NATIONAL ORIGINS OF IMPORTS: 1988

Rank	Country	Metric Tonnes	Rank	Country*	Container Tonnage
1	U.S.A. (1)	686,494	1	Japan (1)	276,638
2	Togo (2)	654,600	2	S. Korea (3)	139,308
3	Japan (3)	407,124	3	Taiwan (2)	110,818
4	Mexico (4)	341,636	4	Hong Kong (4)	88,374
5	Morocco (-)	238,128	5	Thailand (6)	55,865
6	S. Korea (6)	167,988	6	China (5)	54,283
7	Spain (10)	146,407	7	Italy (7)	29,085
8	Australia(7)	134,853	8	France (8)	23,628
9	W. Germany (-)	119,663	9	W. Germany (10)	22,281
10	Singapore (-)	88,375	10	Singapore (-)	21,720

NOTE: *1987 rankings are shown in parentheses
SOURCE: Vancouver Port Corporation

This very high level of resource exports, while contributing significantly to the development of Vancouver and British Columbia, may in the long-run be somewhat problematic, for several reasons. First, while export resource trade has been expansionist in recent years, reflecting generally buoyant economic conditions, staples are after all subject to considerable volatility in demand patterns. This in turn may render more vulnerable those ports dependent to a significant degree on serving staple-dominated hinterlands for export trade, as was observed in the case of Vancouver in the early 1980s (when commodity price shocks severely impacted resource exports), and in the instance of Singapore in 1985.

Secondly, in addition to the normal fluctuations attendant upon resource export trade, there is also concern regarding the longer-term market for certain resource commodities. As is well known, there has been a secular decline in demand for certain resources among advanced economies, reflecting the shift to services and more technology-intensive forms of production, as well as the substitution of certain natural resources (Larson, et al, 1986). British Columbia's important coal markets are a case in point: prospects for sustaining the very high volumes of coal exports (Table 8) may be threatened in the short term by downward pressures on price, in the medium-term by lower-cost competitors (notably Australia), and, perhaps more decisively in the long run, by changes in demand for coal within Japan's industrial economy (Acheson, 1989).

Thirdly, while certainly profitable on its own terms, bulk resource exports to the Pacific Rim and elsewhere are less profitable than container trade, and, from the viewpoint of the British Columbia

Table 8

PORT OF VANCOUVER EXPORT COMMODITIES: 1988

(in metric tonnes)

Coal & Coke	23,540,000
Grain	12,518,000
Sulphur	6,577,000
Potash	4,792,000
Lumber	2,881,000
Chemicals	1,842,000
Wood Chips	1,458,000
Woodpulp	1,194,000
Crude Oil	1,025,000
Animal Feed	1,004,000

Source Greater Vancouver Port Corporation

economy as a whole, generate less than favourable terms of trade. British Columbia has historically been viewed as part of Canada's vast periphery, its chief economic role being the supply of resources to the more industrialized core, i.e. Central Canada, and to the U.S. Growing trade with the Pacific Rim nations represents a desirable element of market diversification. In light of the dominance of resource commodities within the Port of Vancouver's exports, however, there appears to be a risk of British Columbia evolving from a hinterland position within Canada, to an equally peripheral status within the economy of the Pacific Rim. It cannot be surprising, then, that all three levels of government have initiated programmes to accelerate product as well as market diversification as it relates to export trade between British Columbia and the Pacific Rim.

While the port has been Vancouver's most critical interface with Pacific Rim markets Vancouver International Airport (YVR) is rapidly growing in importance. Table 9 shows the sustained levels of high growth in passenger throughput at Vancouver International. Much of this recent growth has been driven by Pacific Rim markets, and indeed trans-Pacific traffic is a leading element of expansion at YVR. Several measures of this Pacific Rim air traffic can be adduced. A recent study, for example, determined that the direct impact of Pacific Rim traffic at Vancouver International Airport in 1986 was valued at $CDN 243 million in annual revenues, generating some 1,070 jobs, with $CDN 30 million in wages and salaries (McNeal Associates & Consultants Limited, 1986), and this has expanded considerably over the past several years (Transport Canada, Personal Communication, 1989). Given an aggressive marketing strategy, and airport capacity

Table 9

TRANSPORTATION -- VANCOUVER INTERNATIONAL AIRPORT: PASSENGERS ON SCHEDULED FLIGHTS

YEAR	PASSENGERS
1988	9,232,932**
1987	8,023,520
1986*	8,385,356
1985	7,005,802
1984	6,895,059
1983	6,370,000
1982	5,858,000
1981	6,818,000
1980	6,777,000
1979	6,230,000
1978	5,416,000

NOTES: *Expo 86 operated in Vancouver from May to October 1986.
**1988 passengers consisted of 5,902,586 domestic, 1,850,986 transborder and 1,479,360 international.
SOURCE: Airports Authority Group, Transport Canada

Table 10

VISITORS PROFILE - ORIGINS OF OVERSEAS VISITORS TO BRITISH COLUMBIA

Year	United Kingdom	Japan	West Germany	Hong Kong	Australia	Other	Totals*
1988	97,864	133,659	65,619	49,403	43,993	201,214	591,752
1987	81,206	104,296	57,986	37,745	38,407	173,484	493,124
1986	94,570	100,330	55,790	41,450	39,880	227,980	560,000
1985	58,270	83,290	36,140	25,170	34,350	208,780	446,000
1984	69,385	78,364	41,379	31,604	32,725	216,543	470,000
1983	77,353	67,234	41,663	29,454	26,953	202,343	445,000
1982	85,975	63,907	43,785	23,152	26,199	196,982	440,000
1981	92,966	62,820	43,774	22,410	22,897	210,133	455,000
1980	92,973	68,200	37,821	18,897	23,769	198,340	440,000

NOTE: *The totals shown in this table are derived from actual counts of individuals crossing the British Columbia border from their overseas points of origin.
SOURCES: B. C. Ministry of Tourism
Statistics Canada

enhancement, both of which are in progress, it was further estimated that the direct impact of Pacific Rim traffic in terms of revenues and employment for YVR could more than double by 1998 (McNeal Associates & Consultants, op. cit.).

Another important measure of the growth of Pacific Rim markets to Vancouver International Airport can be derived from a profile (by country of origin) of overseas visitors to British Columbia, most of whom enter via Vancouver International. Table 10 provides an overseas visitors profile for British Columbia for the period 1980-1988. The data show a substantial increase in overseas visitors (34.5 per cent.) over the 1980s, and with significant increases in visitations from most of those nations ranking among the top five in 1980. There is however considerable variation in growth rates, and in general Pacific Rim nations exhibit the most dramatic increases. The number of visitations to British Columbia from Australia expanded by 85.1 per cent. over the 1980s, for example, while growth in visitations was even more rapid in travellers from Japan (96.0 per cent), and Hong Kong (161.4 per cent.). Japan is now leader in visitations to British Columbia, replacing the United Kingdom, providing another illustration of Vancouver's changing market orientation.

Airport management have identified the Pacific Rim, and especially the Asian Pacific, as the key market for future growth. Vancouver International already handles more international and trans-Pacific air passengers than does Seattle-Tacoma International Airport, a considerably larger facility which serves a much more extensive regional market. Moreover, YVR is already serviced by many of the major Asian carriers (e.g. Japan Airlines, Cathay Pacific,

Singapore Airlines, Korean Airlines, and China Air), most of which are operating at or near capacity, and planning additional service to Vancouver. In addition to complementing British Columbia's tourist industry, these trans-Pacific air services also act a a major business development leader for Vancouver, facilitating business travel, connecting Vancouver with other centres with the Pacific Basin's urban network, and significantly augmenting the City's Pacific Rim "Gateway" role.

Implications for Vancouver's Service Sector

Although Vancouver's export trade with Pacific Rim markets has been dominated historically by semi- and unprocessed resource commodities, an examination of recent trends reveals an increasing role for services, including banking and financial, and producer (intermediate) services. Indeed, Vancouver's service sector represents both a potentially major source of exports to Pacific Rim markets, as well as an element of Vancouver's comparative advantage in pursuing a larger share of Pacific Rim investment, trade and commerce.

In a recent effort to identify empirically Vancouver's comparative economic advantages relative to the two major Canadian metropolitan ports of Toronto and Montreal and the primary U.S. west coast port cities (Seattle, Portland, San Francisco, Los Angeles and San Diego), Davis and Goldberg (1988) examined the industrial profiles of each region with respect to 1971/81 sector growth rates and 1981 adjusted location quotients[1].

---

[1] An adjusted location quotient LQ_i for sector i was defined as $\frac{R_i/R}{(B_i - R_i)/(B - R)}$ where R_i = employment in regional sector i; B_i = employment is sector i of the aggregate of the eight port cities; R = total regional employment; and B = total aggregate employment.

The location quotient analysis of each city's 48 economic sectors revealed

> Vancouver's comparative advantages to be overwhelmingly established in the service sectors. In particular, the city has developed significant advantages in transportation and communication activities, a phenomenon undoubtedly attributable in large part to the city's strategic location on the Pacific Rim. The city's advantages extend as well into the activities of trade, finance, insurance and real estate which further enhance Vancouver's potential major role in the post-industrial economic future of the Asia Pacific Basin (Davis and Goldberg, 1988).

The comparison of sector growth rates among the ports revealed ten sectors in Vancouver that had growth rates exceeding those of the same sectors aggregated across the eight regions. Of these ten sectors,

> Services to Business Management and Banks & Other Deposit Establishments sectors stand out in that each shows a growth rate almost twice that of the corresponding aggregate. As the latter sector was estimated in the previous section to be an activity in which the Vancouver economy has already established a comparative advantage, the focus here is on the former sector, Services to Business Management. Service activities in general have indeed accounted for the major share of employment growth in the Vancouver economy over the recent past, and much of that increment results in particular from the expansion of the interwoven complex of corporate and public sector services (ibid.).

Several of Vancouver's key service industry groups exhibit significant export propensity (Table 11), a trend consistent with other advanced, "transactional" urban economies (Daniels, 1985; Beyers/CPSEDD, 1985). A recent study of Vancouver's producer services revealed that 11 per cent. of the firms sampled had conducted business in east and south-east Asia, while a somewhat larger proportion (13 per cent.) anticipated sales activity in Asian Pacific markets (Ley and Hutton, 1987: 422). These service firms included engineering,

Table 11

Market Area of Producer Services by S.I.C. Category (n = 626)

Market orientation:	Percentage of Sales for Principal Market Areas			
	Vancouver	Other B.C.	Other Canada	Rest of World
S.I.C.	75%>	25%>	10%>	10%>
	Percentage of Firms in each category			
All Firms	51.4%	20.4%	20.9%	13.3%
Printing	96.9	0.0	0.0	0.0
Banking	65.6	15.6	7.8	10.9
Securities, Commodities	47.7	9.1	29.5	27.3
Insurance	42.0	33.0	17.9	7.1
Real Estate	38.5	23.1	26.9	30.8
Personnel	65.0	15.0	20.0	0.0
Data Processing	57.6	21.2	18.2	15.2
Accounting	68.2	4.5	13.6	4.5
Advertising	69.6	6.5	15.2	4.3
Architecture, Planning	45.0	22.5	15.0	10.0
Geological & Engineering Consultants	26.5	38.2	44.1	32.4
Legal Services	63.2	21.1	5.3	10.5
Management Consultants	31.8	30.8	31.8	9.1
Miscellaneous Services	41.9	20.9	34.9	15.1

Source: Ley and Hutton, 1987

architectural, management consulting, and real estate/property development companies. In terms of motivation, firms cited both a perception of significant market opportunities in Asia, as well as concerns about over-dependence on "traditional" markets within the resource hinterland in British Columbia.

Asian-Pacific Business Presence in Vancouver

Implicit in the notion of an increasingly integrated Pacific Rim economy is the phenomenon of an expanding foreign business presence among member cities of the emerging urban network. This is seen to include *inter alia* the dispersion of production by MNEs, the establishment of banking and financial subsidiaries and regional/representative corporate offices within the CBD of Pacific Rim business centres, and increasing levels of foreign investment in real estate and property development, especially (but not exclusively) in the commercial sector.

Typically this foreign business element now includes representation from increasingly far-flung jurisdictions, reflecting the effective "globalization" of many forms of enterprise. However, there are especially large and growing concentrations of foreign firms within Pacific Basin cities that are indigenous to the Pacific region, underlining this notion of a distinctive Pacific Rim economy within the more spatially-extensive global economy.

This phenomenon is most clearly manifested among the "first rank" Pacific Rim business centres, but a rapid expansion of foreign business activity is also evident among many of the more junior member of the Pacific Basin urban network. In the case of Vancouver, there is relatively little in the way of basic production activity directed

by Pacific Rim MNEs, a notable exception being a Toyota wheel plant in suburban Richmond. There is however, a substantial Asian Pacific business presence in Vancouver, especially in the form of banking and financial activity, various commercial enterprises, trade, and investment in real property. The level of activity in each of these areas appears to be expanding rapidly, and illustrates another dimension of Vancouver's emergence as a Pacific Rim city.

No comprehensive inventory of foreign business activity in Vancouver exists, but there is sufficient information available to at least trace the outline of Asian Pacific business presence. In general, much of this foreign business presence in Vancouver relates to the City's position as the Pacific gateway to the markets of western Canada or even the national market as a whole, and, in some cases, to the west coast of North America. As a result, a large proportion of the Pacific Rim business activity takes the form of banking and financial subsidiaries, regional or representative sales offices, trading companies, distribution agencies, and the like.

With respect to financial institutions, about one-half of the approximately 30 foreign banking operations in Vancouver are subsidiaries of Asian banks, the majority of the remainder being European banks. Of the Asian banks represented in Vancouver, many (e.g. Mitsubishi, Mitsui, Dai-Ichi Kangyo) are of course Japanese, reflecting the pervasive influence of Japan in Pacific Rim capital markets generally, but the most significant Asian Pacific financial presence is the Canadian head office of the Hong Kong Bank of Canada, a subsidiary of the Hongkong and Shanghai Banking Corporation. What distinguishes the Hong Kong Bank of Canada from other Asian banks in

Vancouver, in addition to the scale of its operation, and the head office function it performs for the Canadian market, is its extensive retail banking system, resulting from the Hong Kong Bank of Canada's purchase of the Bank of British Columbia.

While the Hong Kong Bank of Canada may be seen as the flagship Hong Kong corporation in Vancouver, there is in fact a very substantial Hong Kong presence in the City and metropolitan region as a whole, reflecting the large Hong Kong-Cantonese population resident in Vancouver, and the City's attractiveness both to Hong Kong business people and emigrants. Hong Kong presence includes the regional head office of Cathay Pacific Airlines, trading, shipping and distribution companies (e.g. Dah Chong Hong and OOCL), ownership position in hotels and shopping centres, and extensive real estate property holdings. The latter include, notably, the huge 200 acre Pacific Place development on the north shore of False Creek in the City's downtown owned by Concord Pacific, a subsidiary of Cheung Kong Holdings, whose majority shareholder is Li Ka-Shing. There is also an embryonic production sector controlled by Hong Kong concerns or recent immigrants from the Crown colony, specialising in garment production: this production investment is likely to expand, in light of a trend among Hong Kong industries to geographically diversify production, and in view also of the potential of serving west coast U.S. markets from Vancouver within the framework of the Canada-U.S. Free Trade Agreement.

Although the extent of overseas investment in real estate is often over-stated, there are substantial foreign holdings of property in Vancouver. There are in fact large property portfolios held by European and non-local domestic concerns, but recent attention has

focussed on the purchase of real estate and buildings by Asian interests. A substantial proportion of real estate assets is held by "overseas Chinese" concerns, not just from Hong Kong, as is commonly supposed, but also from Singapore, Malaysia, Taiwan, and elsewhere. A major real estate company recently estimated that the overseas Chinese holdings might represent 7 per cent. of land in the downtown, including the 200+ acre Pacific Place site (Eng, 1989).

Perhaps the most dramatic evidence of the enhanced presence of Asian-Pacific business interests can be found in the commercial sector, specifically among the cluster of a dozen or so "international class" hotels within downtown Vancouver. A decade ago, most of these were controlled by American or Toronto-based concerns; now, a large majority of these business class properties are controlled by Asian corporations. Here, there is evidence of diversification in ownership: among those firms with a controlling interest in Vancouver's hotels are corporations or individuals based in Hong Kong, Singapore, Malaysia, Macau, Japan, and the P.R.C.

While there is a substantial and rapidly-expanding Asian Pacific business presence in Vancouver, it must be acknowledged that Vancouver's corporate presence in key Asian business centres is quite modest at this time. This appears consistent with the notion of a clearly hierarchical urban system within the Pacific Basin, in which the larger, first-order cities exert pervasive influence on trade and investment via a far-flung network of regional corporate operations, and in which smaller centres play a predominantly "hosting" role for international business. As noted above, however, many Vancouver firms have found favourable markets within the Pacific Rim, and, as these

relationships mature, this should lead to a stronger Vancouver corporate presence within other member cities of the Pacific Rim economic network.

5. CONCLUSION

This paper depicts Vancouver as a city in the process of fundamental or "structural" change, and seeks to identify some of the ways in which the City's membership within an incipient Pacific Basin urban system influences this transition. While it has become something of a truism to speak of advanced, late twentieth century cities as undergoing rapid change (or even crisis), this seems particularly apt in the case of Vancouver: not only is the city experiencing "restructuring", with its multi-faceted implications for employment, urban form, land use, regional structure, and the export base; but it is also undergoing a fundamental market reorientation, socio-cultural and ethnic change, and high rates of growth. As observed, Vancouver's increasingly rich, diverse and complex relations with other Pacific Rim societies are directly implicated in each of these fundamental changes.

To a great extent, Vancouver's development as a Pacific Rim city is based on the city's comparative advantages (natural and induced) as Canada's "gateway" centre, suggesting as well an element of complementarity among centres of the Pacific Basin's network. At the same time, there are clearly many aspects of competition among the various member cities of the Pacific, as they seek to expand their share of trade and investment. This competitive dimension of the inter-city network within the Pacific may intensify if aggregate

growth rates in the region begin to slow appreciably. Even in the current context of rapid development, there is naturally considerable jockeying for position within the ranks of the urban hierarchy.

Vancouver seems well-positioned to experience further development as its Pacific roles mature. As observed, however, there are concerns that Vancouver could be viewed as a peripheral centre within the Pacific Basin's urban system, as it has traditionally been perceived within the Canadian confederation. To maintain and expand upon its favored position, and to realise its evident potential, Vancouver will have to exhibit on a sustained basis high levels of innovation and entrepreneurship, openness to other Pacific Rim societies, a sustained commitment to two-way trade and investment, and a collective sense of purpose.

(edo-0681)

REFERENCES

Acheson, B. "Japan Warns of Steel Industry Restructuring", Portus (Summer 1989), 40-41.

Beyers, W., M. Alvine, and E. Johnson. The Service Economy: Export of Services in the Central Puget Sound Region. Seattle: Central Puget Sound Economic Development Department, 1985.

Crosbie, The Hon. John C. Address to the Trade Policy Forum of the Pacific Economic Co-operation Conference and the Institute for Research on Public Policy. Vancouver: 28 June, 1989.

Daniels, P. W. Service Industries: A Geographical Appraisal. London: Methuen, 1985.

Davis, H. C., and M. A. Goldberg. Determination of the Comparative Advantages of Vancouver as an International City. Vancouver: Asia-Pacific Initiative, 1988.

Davis, H. C., and T. A. Hutton. "The Two Economies of British Columbia", B. C. Studies, forthcoming.

Douglass, M. The Future of Cities on the Pacific Rim. Discussion Paper No. 3, Department of Urban and Regional Planning, University of Hawaii, July 1987.

Eng, A. The Influence of Hong Kong Investment in Real Estate in Vancouver Presentation to Pacific Rim Investors in Vancouver Real Estate Seminar, Vancouver, June 1989.

Ford, Ashley. "Asia Top Market for B. C.", Vancouver Province, 30 June 1989.

Hutton, T. A. A Profile of Vancouver's Service Sector. Presentation to "Metropolis '90", Special Workshop on Services, Plymouth, U.K. June 1989.

Hutton, T.A. Vancouver: Economic Structure, Growth and Change. Vancouver, Economic Development Office, City of Vancouver, 1985.

Larson, E. D., M. H. Ross, and R. H. Williams. "Beyond the Era of Materials", Scientific American, 254, No. 6 (1986), 34-41.

Ley, D. F., and T. A. Hutton. Vancouver's Corporate Complex and Producer Services Sector: Linkages and Divergence within a Provincial Staple Economy", Regional Studies. 21 (1987), 413-424.

McNeal Associates and Consultants Limited. Pacific Rim Aviation Impact Study. Vancouver, April, 1986.

Port of Vancouver. Statistical Digest. Vancouver, 1989.

Scott, A. J. "Locational Patterns and Dynamics of Industrial Activity in the Modern Metropolis", Urban Studies, 19 (1982), 111-142.

Transport Canada, Personal communication re: projections for air travel, Vancouver, 1989.